GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:233
ANSWERED ON:07.12.2006
BLACK MARKETING OF LPG
Kanodia Shri Mahesh Kumar;Solanki Shri Bhupendrasinh Prabhatsinh

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government has conducted raids in various parts of the country in order to check black marketing of domestic Liquefied Petroleum Gas (LPG) ;

(b) if so, the details thereof during the last two years and the current year so far ; (

(c) whether the Government has taken any action against the dealers/persons found involved therein ;

(d) if so, the details thereof ; and

(e) the steps taken/being taken to check black marketing of domestic LPG ?

Answer

MINISTER OF PETROLEUM & NATURAL GAS (SHRI MURLI DEORA)

(a) to (e) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO. 233 BY SHRI BHUPENDRASINH SOLANKI AND SHRI MAHESH KANODIA TO BE ANSWERED ON 7TH DECEMBER, 2006 REGARDING BLACK MARKETING OF LPG.

(a) : Public Sector Oil Marketing Companies (OMCs) have reported instances of diversion/black marketing of domestic LPG cylinders for commercial purposes by their LPG distributors.

(b) to (d) : During the last two years 2004-05 and 2005-06, and during April-October, 2006, the number of LPG distributors penalized by the OMCs for diversion/black marketing of domestic cylinders for commercial purposes under their Marketing Discipline Guidelines (MDG) were as under :

Year	Number of LPG distributors penalized	Penalty imposed under MDG (Rs. in lakhs)
2004-05	484	113.84
2005-06	517	277.62
April-October, 2006	198	86.33

In addition to the action taken by the OMCs under the MDG, State Governments are empowered to take action against illegal use of domestic LPG. The Food & Civil Supplies Department of the State Governments had conducted raids on commercial establishments and seized domestic LPG cylinders being misused. During the last two years, 2004-05 and 2005-06, and during April-October, 2006, the number of LPG cylinders seized by Food & Civil Supplies Department and the Road Transport Authority of the State Governments were as under :

Year	Number of LPG-cylinders seized	Number of motorists caught by Road Transport Authorities.

2004-05	11143	2462
2005-06	32507	2345
April-October, 2006	19835	728

(e) : The following measures have been taken to prevent the diversion / black marketing of domestic LPG cylinders for commercial purposes :

(i) Under the LPG (Regulation of Supply and Distribution) Order, 2000 promulgated under the Essential Commodities Act, 1955 the diversion / black marketing of domestic LPG cylinders for commercial purposes by the distributors of OMCs is prohibited. The State Governments are empowered to take action against erring distributors under the provisions of this Order. The State Governments have been alerted from time to time to take steps against the diversion of domestic cylinders for unauthorized usage.

(ii) The officials of OMCs carry out random checks at distributors godown, delivery point, as well as en-route to ensure that no diversion / black marketing takes place. In terms of the MDG, in case of establishment of any diversion / black marketing of domestic LPG cylinder for commercial purposes, the following action is taken against the distributor :-

Fine of Rs. 20,000 plus the price of LPG diverted at commercial rates for 1st offence.

Fine of Rs. 50,000 plus the price of LPG diverted at commercial rates for 2nd offence, and

Termination of the distributorship for 3rd offence.

(iii) Government have advised OMCs to introduce different colours for domestic & non- domestic cylinders. This is expected to help in controlling the diversion of domestic LPG for unauthorized use.